



PSC NEWS

Missouri Public Service Commission

Contact: Kevin Kelly

Phone: (573) 751-9300

Governor Office Building, Suite 600

FY-06-188

FOR IMMEDIATE RELEASE

MARCH 29, 2006

PSC STAFF FILES COMPLAINT AGAINST WATER SYSTEM

JEFFERSON CITY—The Staff of the Missouri Public Service Commission has filed a complaint against the Franklin County Service Company, Melody Lake Water & Sewer, LLC, Melody Lake Ranch Associates, Inc. and Gerald Johnston alleging Commission rules were violated regarding the unlawful transfer of assets; and providing water and sewer service for gain without first obtaining a certificate of public convenience and necessity from the Public Service Commission (PSC).

The PSC Staff has asked the Commission for authorization to go to circuit court to seek penalties against the respondents. If authorization is granted by the Commission, the circuit court will ultimately determine if there should be a penalty assessed and if so, the amount.

In 1968, Franklin County Service Company received certificates of public convenience and necessity from the PSC authorizing it to provide water and sewer service in Franklin County near Leslie, Missouri. Those certificates are still in force today.

The PSC Staff complaint alleges that in March of 2005, Gerald Johnston signed an assets purchase agreement on behalf of both Melody Lake Water & Sewer LLC and Franklin County Service Company. That agreement purported to transfer the assets of Franklin County Service Company to Melody Lake Water & Sewer. Staff alleges that such a transaction requires Commission authorization and that no entity ever sought or received Commission authorization for the transfer.

In addition, the Staff complaint states that neither Melody Lake Water & Sewer LLC nor Melody Lake Ranch Associates, Inc. nor Gerald Johnston possesses a certificate of public convenience and necessity issued by the PSC authorizing them to provide water and sewer service to the public for gain in the Franklin County Service Company territory, a Commission violation.

In addition to the PSC Staff complaint, three residents of the Melody Lake Ranch subdivision have filed complaints against Melody Lake Water & Sewer, LLC. They allege, among other things, that Melody Lake Water & Sewer, LLC has raised rates for water and sewer service with no authority to do so.

Since Franklin County Service Company is no longer operating, the PSC Staff has suggested, as part of its investigation into complaints brought by some residents of the Melody Lake Ranch subdivision, that either Franklin County Service Company and Melody Lake Water & Sewer, LLC or the homeowners association prepare and file a sale case or submit in the complaint case, the appropriate information that would be included in a sale case.

The respondents will have 30 days to file an answer to the PSC Staff complaint.